GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2849
ANSWERED ON:17.12.2004
LOAN FOR TRACTOR
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Will the Minister of FINANCE be pleased to state:

(a) whether bank has eased norms for financing of tractors;

(b) if so, the details thereof;

(c) whether other banks also propose to go on the same lines; and

(d) if not, the reasons therefore ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHR1 S.S.PALANIMANICKAM)

(a), (b), (c) and (d): A consortium of banks led by State Bank of India(SBI) had been formed to negotiate with the manufacturers and dealers of tractors and other agricultural equipment to obtain the maximum possible discount and concessions to be passed on to borrowers taking loan for purchase of tractors and other agricultural machinery. SBI subsequently entered into Memorandum of Understanding (MOU) with M/s Tractors and Farm Equipment(TAFE), Chennai covering States/Union Territory of Urtar Pradesh, Uttranchal, Gujarat, Rajasthan, Tamil Nadu, Andhra Pradesh, Karnataka, Kerala and Union territory of Pondichery whereas MOU signed with M/s Mahindra and Mahindra covers Madhya Pradesh, Chhattisgarh, Bihar, Jharkhand, Orissa, West Bengal and North Eastern States.

Considering the fact that machinery is becoming increasingly important as an instrument ` of transformation of agriculture into a diversified and commercial enterprise and a few banks have already entered into tie up with major tractor and farm machinery manufacturers for financing them in a cost effective manner, the Advisory Committee on Flow of Credit to Agriculture and Related Activities from the Banking System

(Vyas Committee) recommended that other banks also should explore such possibilities as well. Accordingly the Reserve Bank of India (RBI) has advised the banks to initiate action on the recommendation and to ensure that proper instructions are issued to their controlling offices and branches in this regard.